

2016

ACCOUNTANCY

Full Marks : 100

Pass Marks : 33

Time : Three Hours and *Fifteen Minutes

*(*15 minutes are given as extra time for reading questions)*

PART - A

PARTNERSHIP AND COMPANY ACCOUNTS

MARKS : 60

PART-B

ANALYSIS OF FINANCIAL STATEMENTS

MARKS : 40

INSTRUCTIONS

- I. *All the questions are compulsory.*
- II. *Marks are indicated on the right margin of each question.*
- III. *For question Nos. 1-3, 20 and 21, three alternatives are given of which one is correct. Choose the correct alternatives and rewrite them.*
- IV. *For question Nos. 4-6 and 22 and 23, the answers and calculations may be as short as possible.*
- V. *For question Nos. 7-11 and 24-27, answers and solutions are to be given as required.*
- VI. *For question Nos. 12-17, 28 and 29, answers and solutions are to be given in detail.*
- VII. *Question Nos. 18, 19 and 30, 31 are Essay Type Questions. Calculations and solutions are to be shown as required.*

P.T.O.

PART-A

PARTNERSHIP AND COMPANY ACCOUNTS

MARKS : 60

1. Interest on Partner's loan is to be treated as _____, 1
(A) an appropriation out of profit
(B) a charge against profit
(C) an income of the firm

2. The portion of the Capital which can be called-up only on the winding up of the company is called _____, 1
(A) authorised capital
(B) uncalled capital
(C) reserve capital

3. Debenture holders are _____, 1
(A) the creditors of the company
(B) the vendors of the company
(C) the owners of the company

4. State *one* reason why interest on capital is allowed to partners ? 1

5. Give an example of undersubscription of share. 1

6. Which type of charge Debentures have on the assets of the company ? 1

7. State *any two* features of partnership. 2

8. A business has earned an average profit of ₹1,00,000 during the last few years with a capital of ₹9,00,000 and the normal rate of return in similar business is 10%.
Find out the value of Goodwill of the firm based on Capitalisation of Super profit. 2

9. State with reason whether at the time of admission of a partner, Partnership is dissolved or Partnership Firm is dissolved. 2
10. X and Y are partners sharing profits and losses in the ratio of 2:1. They agree to admit Z into partnership. X surrenders $\frac{1}{4}$ th of his share and $\frac{1}{12}$ th is surrendered by Y in favour of Z.
Calculate the new profit sharing ratio of X, Y and Z. 2
11. Ram and Shyam are partners with Capitals of ₹1,30,000 and ₹90,000 respectively. They admit Mohan as a partner for $\frac{1}{5}$ th share of profit of the firm. Mohan brings ₹80,000 as his capital.
Find out the undisclosed Goodwill of the firm on admission of Mohan. 2
12. The following is the Balance sheet of A and B as at 31st March, 2015. 4

LIABILITIES	₹	ASSETS	₹
Creditors	70,000	Cash	15,000
A's Capital A/c	30,000	Other Assets	2,85,000
B's Capital A/c	1,50,000		
A's Loan A/c	50,000		
	<u>3,00,000</u>		<u>3,00,000</u>

On the above date the firm is dissolved. On selling the assets and repaying the liabilities, there is a loss of Realisation amounted to ₹70,000.

You are asked to draw up the Capital account of the partners to close the books of the firm.

13. State the purposes for which securities premium can be utilised as per section 78. (Give four points) 4
14. What is meant by debentures issued as collateral security? Explain with the help of an example. 4

15. A and B are partners in a firm sharing profit and losses in the ratio of 3:2. The following was the Balance Sheet of the firm as on 31st March, 2015.

4

LIABILITIES	₹	ASSETS	₹
Capital		Sundry Assets	9,00,000
A —	6,00,000	A's Drawings	1,00,000
B —	4,00,000		
	<u>10,00,000</u>		<u>10,00,000</u>

The profit of ₹4,50,000 for the year ended 31 March, 2015 was divided between the partners equally and without allowing interest on Capital @ 10% p.a. During the year A withdrew ₹1,00,000 and B ₹50,000. Pass the necessary adjustment entry.

16. Distinguish between Equity share and Preference share. (Give four point)
17. Beta Ltd purchased assets of the book value of ₹8,00,000 and took over the liabilities of ₹1,00,000 from Mohit Bros. It was agreed that the purchase consideration settled at ₹7,70,000 was to be paid by issuing 15% Debenture of ₹100 each at a premium of 10%.
Give Journal entries to record the above in the Book of Beta Ltd.
18. A, B, and C were in partnership sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet as at 31st March, 2015 was as follows :

4

4

4+3+3=10

LIABILITIES	₹	ASSETS	₹
Capital Accounts :		Plant & Machinery	30,000
Capital :		Furniture	15,000
A — 18,000		Debtors	35,000
B — 16,000		Less Prov.	<u>2,000</u>
C — <u>10,000</u>	44,000	Cash	1,000
Creditors	33,000	Profit & Loss A/c	3,000
Workmen's Compensation Fund	5,000		
	<u>82,000</u>		<u>82,000</u>

C retired on 1st April, 2015. It was agreed that,

- (i) Plant and Machinery is to be revalued at ₹40,000, the existing provision for bad debts is to be increased by 50% and liability for workmen's compensation was decided at ₹2,000.
- (ii) Creditors are to be paid ₹3,000 more.
- (iii) C's share of goodwill was valued at ₹8,000.
- (iv) The total amount payable to C was brought in by A and B in their new profit sharing ratio which is 5:3.

You are required to prepare (i) revaluation account (ii) partner's capital accounts and (iii) Balance Sheet after all adjustments are carried out.

19. X Ltd offered 25,000 shares of ₹100 each payable as ₹25 on application, ₹20 on allotment, ₹30 on first call and the balance on final call. Applications were received for 40,000 sharers out of which shares were allotted to the applicants for 35,000 shares on a pro-rata basis. All shareholders paid the allotment money excepting Mr. Gopal who was allotted 500 shares. These shares were forfeited immediately. The first call was made thereafter. The forfeited shares were re-issued @ ₹78 per share ₹75 paid up. The final call was not made.
- Pass the journal entries in the books of X Ltd. 10

PART-B

ANALYSIS OF FINANCIAL STATEMENTS

MARKS : 40

20. An example of Activity Ratio is _____, 1
- (A) Debt Equity Ratio
 - (B) Current Ratio
 - (C) Inventory turnover Ratio

21. Ideal Quick Ratio is _____ 1
 (A) 1 : 1
 (B) 1 : 2
 (C) 2 : 1
22. When does a cash flow arise ? 1
23. Why do we add back depreciation to Net profit while preparing Cash Flow Statement ? 1
24. Calculate Interest Coverage Ratio from the following : 2
 Net profit after interest and tax ₹1,20,000
 Tax ₹80,000
 10% Debenture ₹5,00,000
25. List *any two* limitations of ratio analysis. 2
26. Name *any two* ratios that a creditor likes to calculate to analyse the financial position of the company. 2
27. Capital Employed of a Company is ₹8,00,000 and its Long Term Debts is ₹3,00,000.
 Calculate Debt Equity ratio of the company. 2
28. State the limitations of Financial Statement Analysis. 4
29. The following balances have been extracted from the books of "Sebifa Ltd", as at 31st March, 2015. 4

	₹
Share capital	10,00,000
General Reserve	8,20,000
Balance of Statement of Profit (Debit)	2,60,000
Fixed Tangible Assets	15,30,000
Sundry Debts	4,00,000

Bills Receivable	2,60,000
Provision for Doubtful Debts	20,000
Long Term Borrowings	2,00,000
Provision for Tax	40,000
Proposed Dividend	1,20,000
Trade Payables	2,50,000

You are asked to prepare the Balance Sheet of the Company "Sebifa Ltd" as per the provisions of Companies Act as at 31st March, 2015.

30. From the following Balance Sheets of XYZ Ltd. Prepare Cash Flow Statement for the Year ended 31st March, 2015. 10

Particulars	Note	31.3.2015	31.3.2014
I. EQUITY AND LIABILITIES			
1. Shareholders Funds :			
(a) Share Capital		3,00,000	2,00,000
(b) Reserve and Surplus	1	93,000	20,000
2. Non Current Liabilities			
(a) Long Term Borrowings	2	75,000	75,000
3. Current Liabilities :			
(a) Trade Payables		70,000	48,000
(b) Other Current Liabilities		27,000	45,000
(c) Short term Provisions	3	55,000	42,000
Total		6,20,000	4,30,000
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets	4	4,12,000	2,55,000
2. Current Assets			
(a) Inventories		85,000	60,000
(b) Trade Receivable		73,000	95,000
(c) Cash and Cash Equivalent		50,000	20,000
Total		6,20,000	4,30,000

Notes to Accounts :

	31.3.2015	31.3.2014
1. Reserve :		
General Reserve	50,000	50,000
Profit & Loss	43,000	(30,000)
	93,000	20,000
2. Long Term Borrowings :		
12% Debenture	75,000	75,000
3. Short Term Provisions :		
Proposed Dividend	29,000	25,000
Provision for Tax	26,000	17,000
4. Fixed Assets :		
Machinery	5,52,000	3,55,000
Less : Accumulated Dep.	1,40,000	1,00,000
Net :	4,12,000	2,55,000

31. Calculate (a) Closing Stock (b) Opening Stock (c) Current Liabilities (d) Current Assets and (e) Quick Assets from the following figures.

$$2 \times 5 = 10$$

Cash Sales $\frac{1}{4}$ th of total sales

Credit Sales ₹3,60,000

Prepaid Expenses ₹3,000

Stock Turnover Ratio 8 times

Quick Ratio 1.5

Working Capital ₹72,000

Gross Profit Ratio 20%

Closing Stock was ₹6,000 in excess of Opening Stock.